

## **IC 4-3-13**

### **Chapter 13. Microenterprise Partnership Program Fund**

## **IC 4-3-13-1**

### **"Federal income poverty level" defined**

Sec. 1. As used in this chapter, "federal income poverty level" means the nonfarm income official poverty line as determined annually by the federal Office of Management and Budget.

*As added by P.L.15-1989, SEC.2.*

## **IC 4-3-13-1.5**

### **"Corporation" defined**

Sec. 1.5. As used in this chapter, "corporation" refers to the Indiana economic development council established under IC 4-3-14.

*As added by P.L.11-1991, SEC.4. Amended by P.L.96-2004, SEC.2.*

## **IC 4-3-13-2**

### **"Fund" defined**

Sec. 2. As used in this chapter, "fund" refers to the microenterprise partnership program fund established by section 9 of this chapter.

*As added by P.L.15-1989, SEC.2. Amended by P.L.96-2004, SEC.3.*

**Repealed**

*(Repealed by P.L.11-1991, SEC.21.)*

## **IC 4-3-13-4**

### **"Local board" defined**

Sec. 4. As used in this chapter, "local board" means:

- (1) the governing body of an eligible entity described in section 19 of this chapter; or
- (2) the board of directors of a corporation described in section 20 of this chapter.

*As added by P.L.15-1989, SEC.2.*

## **IC 4-3-13-5**

### **"Local pool" defined**

Sec. 5. As used in this chapter, "local pool" includes both a local investment pool established under section 19 of this chapter and a local opportunity pool established under section 20 of this chapter.

*As added by P.L.15-1989, SEC.2.*

## **IC 4-3-13-6**

### **"Nontraditional entrepreneur" defined**

Sec. 6. As used in this chapter, "nontraditional entrepreneur" means a person who operates or seeks to establish a business in Indiana and who is described in one (1) or more of the following categories:

- (1) Persons whose employment has been terminated or who have been laid off and who have limited opportunities for employment or reemployment in the same or a similar

occupation in the area in which they reside.

(2) Persons who are employed but whose family income is not greater than one hundred twenty-five percent (125%) of the federal income poverty level for the same size family.

(3) Single parents whose family income is not greater than one hundred twenty-five percent (125%) of the federal income poverty level for the same size family.

(4) Minorities.

(5) Women.

(6) Persons who are sixty-five (65) years of age or older.

(7) Persons who are at least eighteen (18) years of age but less than twenty-four (24) years of age.

(8) Welfare recipients.

(9) Owners or operators of existing businesses with less than twenty-five (25) employees.

(10) Persons who by reason of physical or mental disability are unable to achieve full vocational participation.

(11) Members of family farms undergoing economic adjustment and seeking sources of income in addition to the farm.

*As added by P.L.15-1989, SEC.2. Amended by P.L.23-1993, SEC.1.*

#### **IC 4-3-13-7**

##### **Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

#### **IC 4-3-13-8**

##### **Findings of fact; state policy**

Sec. 8. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

*As added by P.L.15-1989, SEC.2. Amended by P.L.96-2004, SEC.4.*

**IC 4-3-13-9****Establishment of fund; administration; components; investment; reversion; audit**

Sec. 9. (a) The microenterprise partnership program fund is established. The fund is a revolving fund for the purpose of:

- (1) providing loans approved by the corporation under this chapter and IC 4-3-12-3;
- (2) providing loans or loan guarantees under the small and minority business financial assistance program established by IC 4-3-16;
- (3) carry out the microenterprise partnership program under IC 4-4-32.4; and
- (4) paying the costs of administering this chapter, IC 4-3-16, and IC 4-4-32.4.

The fund shall be administered by the corporation.

(b) The fund consists of:

- (1) amounts appropriated by the general assembly;
- (2) the repayment proceeds (including interest) of loans made from the fund; and
- (3) donations, grants, and money received from any other source.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of this audit.

*As added by P.L.15-1989, SEC.2. Amended by P.L.11-1991, SEC.5; P.L.16-1992, SEC.1; P.L.58-2002, SEC.3; P.L.96-2004, SEC.5.*

**IC 4-3-13-10****Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

**IC 4-3-13-11****Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

**IC 4-3-13-12****Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

**IC 4-3-13-13****Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

**IC 4-3-13-14****Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

### **IC 4-3-13-15**

#### **Duties of the corporation**

Sec. 15. (a) The corporation shall perform the following duties:

- (1) Establish and implement the policies and procedures to be used by the corporation in the administration of the fund.
- (2) Subject to section 17 of this chapter, establish criteria for awarding loans from the fund.
- (3) Review and approve or disapprove applications for loans from the fund.
- (4) Establish the terms of loans from the fund, which must include the conditions set forth in section 18 of this chapter.
- (5) Award the loans approved under this chapter.
- (6) Provide the staff and other resources necessary to implement this chapter.
- (7) Prepare and distribute to appropriate entities throughout Indiana requests for proposals for the organization and operation of local pools.
- (8) Conduct conferences and seminars concerning the fund.
- (9) Submit a report concerning the fund to the general assembly before November 1 of each year. The report must include detailed information concerning the structure, operation, and financial condition of the fund and must be in an electronic format under IC 5-14-6.

(b) The corporation may enter into contracts necessary for the administration of this chapter, including contracts for the servicing of loans from the fund.

*As added by P.L.15-1989, SEC.2. Amended by P.L.11-1991, SEC.7; P.L.58-2002, SEC.4; P.L.28-2004, SEC.18.*

### **IC 4-3-13-16**

#### **Loan application; requirements**

Sec. 16. A local board may apply for a loan from the fund. A local board's application for a loan must include the following information:

- (1) The total amount of the loan requested from the fund.
- (2) The total amount of matching funds to be provided from the local pool operated by the local board and the sources of those matching funds.
- (3) A detailed description of the local pool, including its investment criteria.
- (4) The impact of the proposed loan on job production in the area served by the local pool.
- (5) Any other information requested by the corporation.

*As added by P.L.15-1989, SEC.2. Amended by P.L.16-1992, SEC.2; P.L.58-2002, SEC.5.*

### **IC 4-3-13-17**

#### **Loan award criteria**

Sec. 17. The corporation's criteria for awarding loans from the fund to a local board must include the following factors:

- (1) The extent to which local financial institutions invest and participate in the local pool.
- (2) The extent to which the local pool is used as a secondary source of financing that complements conventional financing provided by existing financial institutions.
- (3) The local board's knowledge of successful business practices.
- (4) The extent to which the local board will target the proceeds of the loan toward nontraditional entrepreneurs.
- (5) The extent to which the local board intends to use the loan proceeds for investment in debt, equity, debt with equity attributes, or other forms of creative financing.
- (6) The extent to which the local board's proposed program will encourage clustering of small business programs through proximity to small business incubators and other sources of small business assistance and technology transfer.
- (7) Other criteria established by the corporation.

*As added by P.L.15-1989, SEC.2. Amended by P.L.16-1992, SEC.3; P.L.58-2002, SEC.6.*

#### **IC 4-3-13-18**

##### **Loan conditions**

Sec. 18. A loan from the fund to a local board is subject to the following conditions:

- (1) The local board may use the loan from the fund only for the purpose of making and servicing grants, equity investments, loans, and loan guarantees to persons who are establishing or operating businesses in Indiana. However, the local board may not spend any part of the loan from the fund to defray the expenses of servicing grants, loans, and loan guarantees unless that expenditure is specifically authorized in the loan agreement with the corporation.
- (2) The term of the loan may not exceed twenty (20) years.
- (3) The loan must require the local board to provide matching funds in an amount determined by the corporation. However, the total of the loan plus the matching funds must be at least:
  - (A) one million dollars (\$1,000,000) for a local investment pool established under section 19 of this chapter; or
  - (B) five hundred thousand dollars (\$500,000) for a local opportunity pool established under section 20 of this chapter.
- (4) The corporation may forgive or defer payment of all or part of the interest and principal on the loan.
- (5) The loan agreement must require the local board, through its staff or consultants, to perform the following duties with respect to recipients of financial assistance from the local pool:
  - (A) Provide training in business and financial management techniques.
  - (B) Oversee the fiscal operations of the recipients of financial assistance for at least one (1) year following the

receipt of that assistance.

(C) Provide fiscal management assistance to recipients of financial assistance when necessary for at least one (1) year following the receipt of that assistance, including assistance in the preparation and filing of federal and state tax returns.

(6) The local board must make a report concerning the local pool to the corporation before September 1 of each year. The report must include detailed information concerning the structure, operation, and financial condition of the local pool.

(7) Any other conditions that the corporation considers appropriate.

*As added by P.L.15-1989, SEC.2. Amended by P.L.58-2002, SEC.7.*

#### **IC 4-3-13-19**

##### **"Eligible entity" defined; establishment of local investment pool; articles of incorporation or bylaws requirements**

Sec. 19. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

(1) The exclusive purpose of the eligible entity is to establish a local investment pool to:

(A) attract private equity investment to provide grants, equity investments, loans, and loan guarantees for the establishment or operation of businesses in Indiana; and

(B) provide a low to moderate rate of return to investors in the short term, with higher rates of return in the long term.

(2) The governing body of the eligible entity must include:

(A) persons who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The eligible entity may receive funds from:

(A) equity investors;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations; and

(E) loans from the fund.

*As added by P.L.15-1989, SEC.2. Amended by P.L.8-1993, SEC.9; P.L.96-2004, SEC.6.*

#### **IC 4-3-13-20**

##### **Local opportunity pool establishment; articles of incorporation or bylaws requirements**

Sec. 20. (a) A local opportunity pool may be established only by a nonprofit corporation or a for profit corporation established for that purpose. A political subdivision may participate in the establishment of such a corporation but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of the corporation, as appropriate, must provide the following:

(1) The exclusive purpose of the corporation is to establish a local opportunity pool to:

(A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and

(B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.

(2) The board of directors of the corporation must include:

(A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The corporation may receive funds from:

(A) philanthropic foundations;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations;

(E) bequests; and

(F) loans from the fund.

*As added by P.L.15-1989, SEC.2. Amended by P.L.179-1991, SEC.2; P.L.96-2004, SEC.7.*

#### **IC 4-3-13-21**

##### **Repealed**

*(Repealed by P.L.58-2002, SEC.11.)*

#### **IC 4-3-13-22**

##### **Loans as lending of state credit**

Sec. 22. The making of loans from the fund does not constitute the lending of credit by the state for purposes of any other statute or the Constitution of the State of Indiana.

*As added by P.L.15-1989, SEC.2.*